



QUARTERLY REPORT 2/2007

3U TELECOM 

3U TELECOM 

SUMMARY OF GROUP RESULTS

3U Group (IFRS)		Half-year comparison	
		H1 2007	H1 2006
Sales from continuing operations	(in € million)	39.76	46.90*
EBITDA (earnings before interest, taxes, depreciation and amortisation) from continuing operations	(in € million)	1.01	0.41*
EBIT (earnings before interest and taxes) from continuing operations	(in € million)	0.49	-0.73*
EBT (earnings before taxes) from continuing operations	(in € million)	0.59	-0.63*
Net income/loss for the period from continuing operations	(in € million)	0.55	-0.76*
Net income/loss from discontinuing operations	(in € million)	-3.55	-0.34*
Total earnings per share (basic)	(in €)	-0.06	-0.02
Total earnings per share (diluted)	(in €)	-0.06	-0.02
Equity ratio	(in %)	39.76	38.55

3U Group (IFRS)		Quarterly comparison	
		Q2 2007	Q2 2006
Sales from continuing operations	(in € million)	20.30	23.86*
EBITDA (earnings before interest, taxes, depreciation and amortisation) from continuing operations	(in € million)	0.81	0.02*
EBIT (earnings before interest and taxes) from continuing operations	(in € million)	0.56	-0.34*
EBT (earnings before taxes) from continuing operations	(in € million)	0.61	-0.34*
Net income/loss for the period from continuing operations	(in € million)	0.59	-0.41*
Net income/loss from discontinuing operations	(in € million)	-1.41	1.25*
Total earnings per share (basic)	(in €)	-0.02	0.02
Total earnings per share (diluted)	(in €)	-0.02	0.02
Equity ratio	(in %)	39.76	38.55

*The figures for the previous year have been adjusted for discontinuing operations.

2



4	Letter to Our Shareholders
6	3U Shares
9	Report on Business Development
12	Related Parties Report
12	Risk Report
13	Significant Events Since the End of the Interim Reporting Period
14	Outlook
15	Consolidated Income Statement (IFRS)
16	Consolidated Balance Sheet as of 30 June 2007 (IFRS)
18	Cash Flow Statement (IFRS)
20	Statement of Changes in Equity (IFRS)
22	Notes to the Consolidated Financial Statements as of 30 June 2007 (IFRS)
27	Financial Calendar
27	Contact
28	Imprint
28	Disclaimer
29	3U Group



Dear Shareholders,

The second quarter of financial year 2007 was dominated by the start of sales talks on the disposal of our subsidiary LambdaNet Communications Deutschland AG. In terms of operations, the systematic earnings focus in the core business of fixed-line telephony showed considerable success. Our expectations in this sector were exceeded with EBITDA of € 0.81 million and a positive net profit for the period of € 0.59 million.

Positive news stimulates share price

The news of the planned disposal of LambdaNet was received positively by the media, analysts and investors and triggered a revaluation of 3U shares, which rose to a new high for the year of € 0.80 with high trading volumes in the second quarter. Several market letters and business media advised investors to buy 3U shares, with the result that the share price rose well above € 1 in July.

Having acquired LambdaNet in April 2004 and successfully developing it into one of the leading providers of carrier network solutions for telecommunications companies, Internet service providers and business customers, it is now being sold for strategic reasons. As the fixed-line telephony sector now focuses on call-by-call and wholesale business, LambdaNet is no longer needed for its operations. The decision to dispose LambdaNet was also helped by the increasing interest among other market players in LambdaNet, which can be seen as a sign that the time is right for the decision to sell. The aim of the current negotiations is to find a long-term investor for LambdaNet that will continue and further expand its successful operations. Offers have been received from potential strategic investors and financial investors, and the Company is planning to conclude its negotiations no later than the end of autumn 2007. This disposal should generate further liquidity to add to the already solid cash position for the acquisition of new investments.

Sales development in line with expectations – clearly positive earnings development

The ongoing disposal negotiations have also affected the presentation of our business figures in this quarterly report. Under the accounting standards used by the 3U Group, the International Financial Reporting Standards (IFRS), LambdaNet is now classified as a company held for sale. The sales of the previous Broadband/IP segment have therefore not been included in the consolidated financial statements. Instead, its sales, expenses and earnings are presented separately in the notes.

Consolidated sales (fixed-line telephony core business) in the second quarter of 2007 amounted to €20.30 million after € 19.46 million in the first quarter (Q2 2006: € 23.86 million). After adjustment for activities held for sale, sales dropped by 15 % as against the second quarter of 2006 and were therefore in line with expectations.

Systematic earnings focus in core business of fixed-line telephony shows considerable success

The consolidation of international activities, the focus on profitable call-by-call and wholesale business and optimisation measures in routing and improvements in receivables management had a positive impact on earnings in the fixed-line telephony sector.

In the second quarter of 2007, EBITDA rose to € 0.81 million, up very significantly by € 0.62 million as against € 0.19 million in the first quarter of 2007 (Q2 2006: € 0.02 million).

The effects of the systematic earnings focus can also be seen in the net profit for the period. At € 0.59 million in the second quarter of 2007, earnings were up significantly both as against the first quarter of 2007 (€ -0.04 million) and as against the second quarter of 2006 (€ -0.41 million).

Performance of LambdaNet still positive

On account of the ongoing negotiations for our subsidiary LambdaNet, only its total assets and net profit for the period have been included in the consolidated financial statements of 3U TELECOM AG in accordance with IFRS. Its sales are not included in the consolidated income statement. For this information, please see the corresponding sections in the notes. In the second quarter of 2007, sales amounted to € 9.40 million. This was a significant increase of 22 % as against the first quarter of 2007 (€ 7.70 million). EBITDA in the second quarter of 2007 was € 2.72 million after € 1.89 million in the first quarter of 2007. The implementation of the sales strategy launched at the end of 2006 is clearly having an effect at LambdaNet and the expansion of the Corporate Sales division is being pushed forward successfully.

We are confident that we will be able to generate a sustainable return for you, our shareholders, with the future management and investment holding company.

Marburg, August 2007

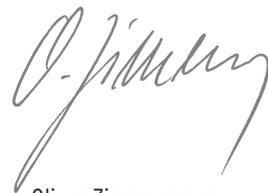
The Management Board



Michael Schmidt



Roland Thieme



Oliver Zimmermann

Investor relations

Investor relations work at 3U TELECOM AG in the second quarter was largely characterised by the planned disposal of LambdaNet Communications Deutschland AG and the strategic repositioning of the 3U Group. Our intensive dialogue with investors, analysts, the business media, investor magazines and market letters resulted in a greater level of attention and an encouraging upward revaluation of our Company on the capital markets as a result of the trust our shareholders have in the new business strategy. Thanks to prompt and transparent corporate communications, we will continue to ensure that the constructive dialogue with the capital markets remains intensive and efficient in future.

Summary of 3U shares

International Securities Identification Number (ISIN)	DE0005167902
Wertpapierkennnummer (WKN) [Securities Identification Number]	516790
Stock exchange symbol	uuu
Trading segment	Prime Standard
Industry key	Telecommunication
Designated sponsor	AXG Investmentbank AG
Initial listing	26 November 1999
Registered share capital	€ 46,842,240.00
Share price on 29 June 2007*	€ 0.80
Share price high in period from 1 January to 30 June 2007*	€ 0.80 (29 June 2007)
Share price low in period from 1 January to 30 June 2007*	€ 0.59 (11 and 17 May 2007)
Number of shares	46,842,240
Market capitalisation on 30 June 2007	€ 37,473,792.00
Earnings per share (basic)	€ -0.06

*Daily closing price Xetra

Share price

Price performance of 3U shares* against the Technology All Share Index



The performance of the share price was highly encouraging in the second quarter of 2007. Climbing hand-in-hand with rising trading volumes, 3U shares reached a new high for the year at € 0.80 at the end of the second quarter. The positive share price performance was underpinned by a number of upbeat media reports on the reorientation of 3U TELECOM AG as a management and investment holding company and the planned disposal of LambdaNet Communications Deutschland AG, as well as buy recommendations for 3U shares. In the first half of 2007, the price of 3U TELECOM AG shares rose by 29.03 %, clearly outstripping the benchmark Technology All Share Index. Measured against their lowest price on 11 and 17 May 2007, the price of 3U shares has risen by 35.59 %.

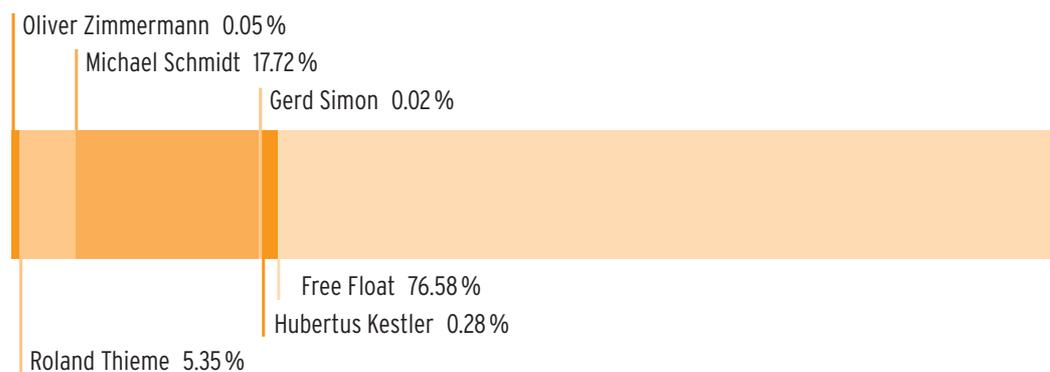
*Daily closing price Xetra

Shareholder structure

As of 30 June 2007, members of the governing bodies held the following shares with full voting and dividend rights:

Management Board		
Michael Schmidt	(Member of the Management Board, Technology)	8,299,995 shares
Roland Thieme	(Member of the Management Board, Technical Service)	2,508,330 shares
Oliver Zimmermann	(Member of the Management Board, Finance)	25,000 shares
Management Board total		10,833,325 shares

Supervisory Board		
Hubertus Kestler	(Chairman)	130,000 shares
Ralf Thoenes	(Deputy Chairman)	0 shares
Gerd Simon		10,000 shares
Supervisory Board total		140,000 shares



The decision to sell the LambdaNet Communications Deutschland AG subsidiary has affected the presentation of business figures in this quarterly report. Under IFRS, LambdaNet is now classified as a company held for sale. The sales of the previous Broadband/IP segment generated by LambdaNet have therefore not been included in the consolidated income statement. This should be taken into consideration when comparing the consolidated sales and consolidated EBITDA for the first half of 2007 with the figures for previous periods. The earnings and aggregate balance sheet figures for LambdaNet are reported separately in the consolidated financial statements.

Results of operations

Group (fixed-line telephony core business)

Consolidated sales, which now result solely from the core business of fixed-line telephony, amounted to € 20.30 million in the second quarter of 2007 after € 19.46 million in the first quarter (Q2 2006: € 23.86 million). After adjustment for activities held for sale, sales dropped by 15% as against the second quarter of 2006 and were therefore in line with expectations.

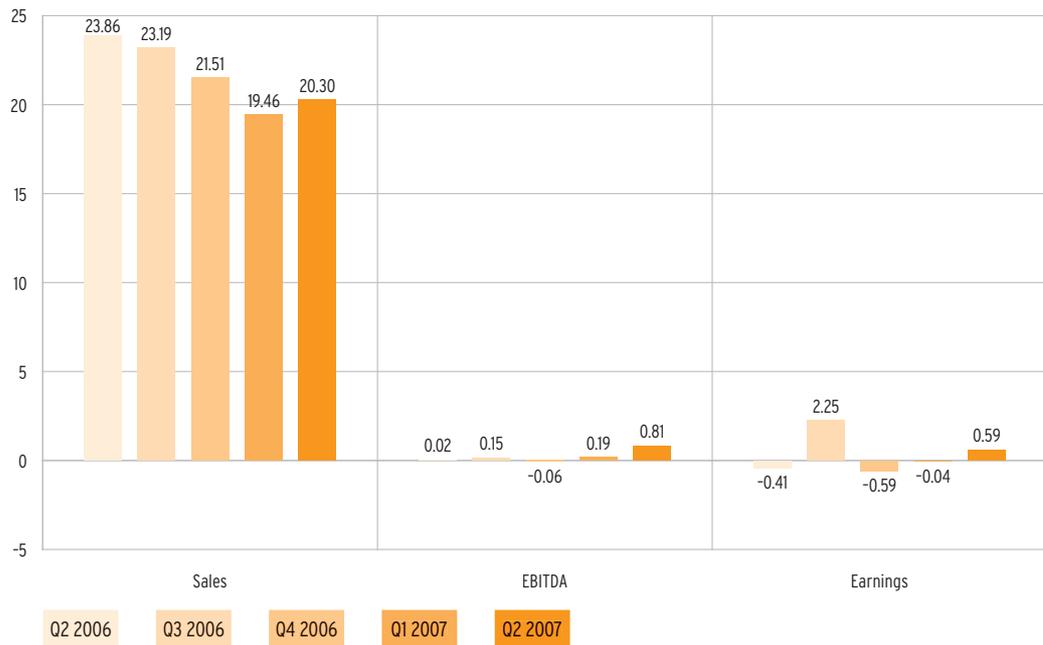
Earnings performance developed positively. With the consolidation of international activities in 2006 and the current year, the focus on call-by-call and wholesale business, optimisation measures in routing and improvements in receivables management had a further positive impact on margins.

EBITDA is now also generated solely by the core business of fixed-line telephony. In the second quarter of 2007, EBITDA rose to € 0.81 million, up significantly by € 0.62 million as against € 0.19 million in the first quarter of 2007 (Q2 2006: € 0.02 million).

The net profit for the period from the core business of fixed-line telephony is now also positive. At € 0.59 million in the second quarter of 2007, earnings were up significantly both as against the first quarter of 2007 (€ -0.04 million) and as against the second quarter of 2006 (€ -0.41 million).

The consolidated net profit for the period includes the result of LambdaNet. On account of the continuing high write-downs at LambdaNet, the net loss for the period in the second quarter was € 0.82 million as against € 2.19 million in the first quarter of 2007 (Q2 2006: net profit for the period of € 0.84 million as a result of a positive non-recurring effect).

Development (sales, EBITDA, earnings) – 3U Group in € million*



LambdaNet

As explained above, the figures for the previous Broadband/IP segment of LambdaNet Communications Deutschland AG, which is now held for sale, have not been included in the consolidated financial statements as of 30 June 2007 as a single item on account of the relevant accounting provisions, and instead only the total assets and net profit or loss for the period items have been included. Its sales have not been reported in the consolidated income statement.

In the second quarter of 2007, sales amounted to € 9.40 million. This was a significant increase of 22 % as against the first quarter of 2007 (€ 7.70 million). EBITDA in the second quarter was € 2.72 million after € 1.89 million in the first quarter.

As a result of the continuing high write-downs on property, plant and equipment and the customer base, the net loss for the period, which is included in the consolidated income statement, was € 1.41 million. The net loss for the period in the first quarter of 2007 was € 2.15 million.

*The EBITDA figures were adjusted for 2006 to take into account the non-recurring positive special effect of € 2.51 million from fund income (Q3 2006) as well as the negative special effects of € 0.25 million from deconsolidation (Q1 to Q4 2006), process risk adjustments in provisions of € 0.70 million (Q4 2006) and non-recurring special effects of € 0.37 million in connection with the corporate restructuring (Q4 2006).

Financial and assets position

As LambdaNet is now reported as an investment held for sale and is therefore not reported individually in the balance sheet, the balance sheet ratios have changed significantly with regard to the intensity of current and non-current assets and can no longer be compared with the previous presentation. As the asset and liability items are reported as respective aggregate amounts (assets/liabilities held for sale), only the presentation of the equity ratio has remained unchanged. As against 31 December 2006 (38.51%), the equity ratio was up further to 39.76 % as at the balance sheet date 30 June 2007.

In total, investments amounted to € 0.31 million in the first half of 2007. These focused on the further expansion of the network to boost the earnings power and competitive capability of core business.

At € 31.14 million (31 December 2006: € 74.68 million), non-current assets accounted for 31.17 % of total assets of € 99.90 million. At € 68.76 million (31 December 2006: € 32.74 million), current assets accounted for 68.83 % of total assets. Non-current provisions and liabilities totalled € 0.10 million (31 December 2006: € 32.79 million). Please note again that the significant changes as against the comparative periods are due to the classification of LambdaNet as a company held for sale as required under IFRS.

As of 30 June 2007, cash and cash equivalents amounted to € 34.14 million. The decline in cash as against 31 March 2007 (€ 36.50 million) is due to the reclassification of the cash and cash equivalents of LambdaNet. Including the cash position of LambdaNet, cash and cash equivalents rose from € 1.68 million as of 30 June 2007 to € 38.87 million in the first half of 2007 despite further repayments.

Employees

At 63, the number of employees in the Group (not including LambdaNet) at 30 June 2007 was almost constant as against 31 March 2007 (64).

Employee structure in the first half of 2007*



*Employees including temporary staff based on full-time equivalents (weighted quarterly figures).

There were no extraordinary developments in business with related parties in the first half of 2007 as against the previous year.

RISK REPORT

As of 30 June 2007, there were no material changes in the risks and the appraisal of them as reported in the Annual Report 2006.

SIGNIFICANT EVENTS

SINCE THE END OF THE INTERIM REPORTING PERIOD

Change in the Supervisory Board of 3U TELECOM AG

On 6 August 2007, Mr. Hubertus Kestler resigned his position as the Chairman of the Supervisory Board. This move was taken for personal reasons and by mutual consent with the Company. At the request of the Management Board and the Supervisory Board, Mr. Peter Coch, Dipl.-Betriebswirt, who has the relevant expertise on account of his previous work in Mergers & Acquisitions and Corporate Finance, was appointed as a new member of the Supervisory Board by the Marburg Local Court. The new Chairman of the Supervisory Board is the previous Deputy Chairman Mr. Ralf Thoenes. Mr. Gerd Simon was elected as the new Deputy Chairman.

Actions for rescission and cancellation against the resolutions of the Extraordinary General Meeting allowed

By way of its ruling on 14 August 2007, the Frankfurt am Main District Court sustained the actions for rescission and cancellation by minority shareholders and declared the resolutions of the Extraordinary General Meeting of 15 January 2007 void. A full copy of the ruling with its reasons was not yet ready at the time this report was prepared. According to current information, the Company intends to file an appeal against the decision. The Company has made the so-called soundness and approval process pending at the Frankfurt am Main District Court so as to allow for the spinning off of the telecommunications services sector resolved in January of this year to form the new 3U TELECOM GmbH and the company agreement to be entered in the Commercial Register before the end of this year.

Strategic realignment

The Management Board and the Supervisory Board are assuming that the Annual General Meeting on 28 August 2007 will again approve the amendments to the Articles of Association on the agenda to change the name of the Company to "3U Holding AG" and to supplement its business purpose so that these resolutions can be promptly entered in the Commercial Register.

Group development

The core business of fixed-line telephony is developing in line with the Management Board's expectations. It will continue to focus systematically on earnings in future as well. We are assuming that sales in the DSL and pre-selection areas, which are no longer being marketed, will continue to decline. However, to offset this in the wholesale area, the Company is planning to continue its profitable earnings growth by attracting new customers in the reseller business.

In a saturated, declining call-by-call market, additional business will only be generated by destructive competition. The Company is therefore planning to increase its market share by commissioning a new network operator code.

Since April 2007, 3U TELECOM AG has been offering all content providers full telecommunication network and invoicing operation of its 0900 premium rate services on "Business 0900". The product portfolio will also be further expanded in this area of value-added services.

3U TELECOM AG successfully restructured LambdaNet Communications Deutschland AG and thereby demonstrated its skill in its future core business as a management and investment company at the same time.

Opportunities

The systematic focus on earnings is showing crucial success and will further enhance the profitability of core business. In future, the fixed-line telephony sector is to continue making a positive contribution to the Group's earnings.

With its cash and cash equivalents of € 34.14 million, the Company already has a solid foundation for its future investment business. The disposal of LambdaNet will generate additional cash for the Company's launch into investment business. The investment business, particularly in the areas of innovative technologies and corporate restructuring, offers outstanding potential for long-term and successful growth. We will seize this opportunity on behalf of our shareholders.

CONSOLIDATED INCOME STATEMENT (IFRS)

3U Group (in T€)	3-month report 1 April – 30 June		Half-year report 1 January – 30 June	
	2007	2006	2007	2006
Sales	20,302	23,863	39,761	46,900
Cost of sales	-16,792	-21,212	-33,864	-41,884
Gross profit	3,510	2,651	5,897	5,016
Selling expenses	-567	-624	-1,183	-1,420
Administrative expenses and general expenses	-2,263	-2,521	-4,379	-4,309
Other operating income	6	943	1,011	3,087
Other operating expenses	-131	-836	-862	-3,150
Earnings before interest and taxes	555	-387	484	-776
Interest income	1,401	14	1,490	277
Interest expenses	-1,348	30	-1,392	-129
Income/expenses from financial assets (equity method)	-2	-3	-1	8
Earnings before taxes	606	-346	581	-620
Income tax expense	-19	-61	-30	-134
Earnings before minority interests	587	-407	551	-754
Minority interests	0	0	0	0
Net income/loss from continuing operations	587	-407	551	-754
Total net income/loss from discontinuing operations	-1,405	1,248	-3,554	-337
Total consolidated net income/loss	-818	841	-3,003	-1,091
Earnings per share				
Earnings per share, basic (in €)	-0.02	0.02	-0.06	-0.02
Earnings per share, diluted (in €)	-0.02	0.02	-0.06	-0.02
Average shares outstanding, basic (per item)	46,842,240	46,842,240	46,842,240	46,842,240
Average shares outstanding, diluted (per item)	49,914,490	49,914,490	49,914,490	49,914,490

16 CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2007 (IFRS)

Assets 3U Group (in T€)	30 June 2007	31 December 2006
Non-current assets	31,142	74,679
Intangible assets	1,078	8,010
Property, plant and equipment	1,926	38,880
Financial assets*	26,209	24,948
Deferred tax assets	0	0
Other non-current assets	0	683
Prepaid expenses	1,929	2,158
Current assets	68,755	32,738
Inventories	0	102
Trade receivables	8,825	13,603
Other current assets	1,070	2,287
Cash and cash equivalents	8,023	13,979
Prepaid expenses	0	2,767
Assets held for sale	50,837	0
Total assets	99,897	107,417

*This includes CityDial GmbH (associated company) with T€ 95 (previous year: T€ 96).

Shareholders' equity and liabilities 3U Group (in T€)	30 June 2007	31 December 2006
Shareholders' equity	39,722	41,365
Issued capital	46,842	46,842
Capital reserve	21,469	21,379
Revaluation reserve	2,377	1,115
Retained earnings	-27,989	-24,133
Net income/loss	-3,003	-3,856
Minority interests	25	25
Adjustment item for currency difference	1	-7
Non-current provisions and liabilities	103	32,788
Non-current provisions	103	4,642
Non-current liabilities due to banks	0	10,137
Non-current lease liabilities	0	17,879
Other non-current liabilities	0	5
Deferred income	0	125
Current provisions and liabilities	60,072	33,264
Current provisions	2,385	4,998
Current liabilities due to banks	0	3,870
Trade payables	12,294	18,424
Current lease liabilities	0	2,041
Other current liabilities	2,025	1,276
Deferred income	0	2,655
Liabilities held for sale	43,368	0
Total shareholders' equity and liabilities	99,897	107,417

CASH FLOW STATEMENT (IFRS)

3U Group (in T€)	1 January – 30 June	
	2007	2006
Net income/loss for the period	-3,003	-1,092
Depreciation/write-ups of fixed assets	7,423	9,664
Increase/decrease of provisions and valuation allowances	-714	-1,784
Increase/decrease of inventories trade receivables	1,704	-337
Increase/decrease of trade accounts payable	-2,156	-4,811
Changes to other receivables	421	-1,472
Changes to other payables	744	791
Changes in prepaid expenses and deferred income	-619	-982
Interest payments	-1,114	-1,122
Income tax payments	-31	-135
Cash flows from operating activities from continuing operations	222	-1,280
Cash flows from operating activities from discontinuing operations	2,433	0
Cash flows from operating activities	2,655	-1,280
Inflows from the disposal of non-current assets	29	140
Outflows for investments in property, plant and equipment	-1,617	-1,089
Outflows for investments in intangible assets	-3	0
Inflows from the disposal of financial assets	1,454	0
Outflows for additions to financial assets	-1,000	0
Cash flows from investing activities from continuing operations	143	-949
Cash flows from investing activities from discontinuing operations	-1,280	0
Cash flows from investing activities	-1,137	-949
Outflows for the repayment of bonds and (finance) loans	-1,732	-1,222
Repayment of lease liabilities	-928	-819
Cash flows from financing activities from continuing operations	-187	-2,041
Cash flows from financing activities from discontinuing operations	-2,473	0
Cash flows from financing activities	-2,660	-2,041

3U Group (in T€)	1 January – 30 June	
	2007	2006
Reduction in cash and cash equivalents	-1,142	-4,270
Changes to cash and cash equivalents from changes to the scope of consolidation	-79	-86
Cash and cash equivalents at the beginning of the period from continuing operations	7,924	15,278
Cash and cash equivalents at the beginning of the period from discontinuing operations	6,055	0
Cash and cash equivalents at the beginning of the period	13,979	15,278
Cash and cash equivalents at the end of the period from continuing operations	8,023	10,922
Cash and cash equivalents at the end of the period from discontinuing operations	4,735	0
Cash and cash equivalents at the end of the period	12,758	10,922

STATEMENT OF CHANGES IN EQUITY (IFRS)

3U Group (in T€)	Issued capital	Capital reserve	Revalu- ation reserve/ retained earnings	Profit/ loss carried forward	Minority interests	Currency	Net income/ loss	Total share- holders' equity
As of 1 Jan 2006	46,842	20,901	2,213	-24,133	9	-11	0	45,821
Consolidated profit	0	0	0	0	16	0	-3,856	-3,840
Stock options	0	478	0	0	0	0	0	478
Revaluation securities	0	0	-1,098	0	0	0	0	-1,098
Changes taken directly to equity	0	0	0	0	0	4	0	4
As of 31 Dec 2006	46,842	21,379	1,115	-24,133	25	-7	-3,856	41,365

3U Group (in T€)	Issued capital	Capital reserve	Revalu- ation reserve/ retained earnings	Profit/ loss carried forward	Minority interests	Currency	Net income/ loss	Total share- holders' equity
As of 1 Jan 2007	46,842	21,379	1,115	-27,989	25	-7	0	41,365
Consolidated profit*	0	0	0	0	0	0	-3,003	-3,003
Stock options	0	90	0	0	0	0	0	90
Revaluation securities	0	0	1,262	0	0	0	0	1,262
Changes taken directly to equity	0	0	0	0	0	8	0	8
As of 30 June 2007	46,842	21,469	2,377	-27,989	25	1	-3,003	39,722

*Of which € -3,554 thousand from discontinuing operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2007 (IFRS)

- | | |
|------------------------------------|---|
| • Order book | See "Report on Business Development" page 9 et seq. |
| • Development of costs and prices | See "Report on Business Development" page 9 et seq. |
| • Employee participation programme | No changes as against financial year 2006 |
| • Number of employees | See "Employees" page 11 |

Accounting principles

This interim financial report complies with the provisions of International Financial Reporting Standards (IFRS). This interim report has not been reviewed by auditors.

Supplementary disclosures in accordance with IAS 34

The accounting policies and methods of calculation used in the consolidated financial statements as of 31 December 2006 were applied unchanged to the interim statements as of 30 June 2007.

In addition, please note as regards the accounting that LambdaNet Communications Deutschland AG, Hannover, has been recognised as held for sale under IFRS 5.

In order to provide readers of the financial statements with a better assessment of the financial impact of the discontinuing operations (IFRS 5.30), there has been no consolidation of income and expenses between the continuing operations and those held for sale.

The following information in the notes, with the exception of that expressly provided under "Operations held for sale" relates to the continuing operations.

There were no extraordinary developments in business with related parties in the first half of 2007 as against the previous year.

Scope of consolidation

As of 1 January 2007, the following companies left the scope of consolidation (as of: 31 December 2006):

- 3U TELECOM AG, Switzerland
- 3U TELECOM S.P.R.L., Belgium
- 3U TELECOM SARL, Luxemburg
- 3U TELECOM Ltd., United Kingdom
- 3U TELECOM SARL, France

The following company was reclassified as “held for sale”: LambdaNet Communications Deutschland AG, Hannover

There were no other changes in the scope of consolidation.

Operations held for sale

On 21 June 2007, following its approval by the Supervisory Board, the Management Board of 3U TELECOM AG announced the plan to dispose of its subsidiary LambdaNet Communications Deutschland AG and thereby its entire Broadband/IP business area. Having acquired LambdaNet in April 2004 and successfully developing it into one of the leading providers of carrier network solutions for telecommunications companies, Internet service providers and business customers, it is now being sold for strategic reasons. Despite its continuing good business performance, as the fixed-line telephony sector refocused on call-by-call and wholesale business in mid-2006, LambdaNet is no longer required by the 3U Group. As a result of the disposal, 3U TELECOM AG should receive further liquidity to add to its current cash and cash equivalents for the planned development of its investment business, in line with the Company’s long-term strategy. The disposal process is underway. The disposal process is expected to be concluded in autumn 2007.

The amounts for the investment in LambdaNet Communications Deutschland AG reported separately in the balance sheet and income statement as of 30 June 2007 in line with IFRS 5 break down as follows:

Income statement for the period from 1 January to 30 June 2007

Income statement (in T€)	1 January - 30 June	
	2007	2006
Sales	17,714	18,895
Other operating income	662	5,896
Current expenses	-21,929	-25,127
Earnings before taxes	-3,553	-336
Taxes	-1	-1
Total earnings	-3,554	-337

Assets held for sale as of 30 June 2007

Assets held for sale (in T€)	30 June 2007
Property, plant and equipment	16,636
Capitalised leased assets	16,137
Other non-current assets	6,230
Current assets	11,833
Total	50,836

Liabilities held for sale as of 30 June 2007

Liabilities held for sale (in T€)	30 June 2007
Expensed, non-current leased liabilities	16,896
Other non-current liabilities	8,059
Expensed, current liabilities	2,096
Other current liabilities	16,316
Total	43,367

Cash flow from discontinuing operations

In this interim report, the cash flow from discontinuing operations in the first half of 2007 has been reported separately. On account of the planned disposal of LambdaNet Communications Deutschland AG, the cash flow has been listed as subtotals representing the cash flow from operating activities, investing activities and financing activities and the cash and cash equivalents of the continuing operations. The decision to sell LambdaNet Communications Deutschland AG was made in the second quarter of 2007, and therefore the cash flow for the first half of 2006 and the second quarter of 2006 have been shown unchanged.

Contingent liabilities

In a recent decision, the Cologne Administrative Court declared the advance regulation on termination charges by the "Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahnen" as illegal, thereby partially justifying an action by mobile telephony providers. If the Federal Administrative Court upholds the ruling of the first instance, all the interconnection partners of mobile phone operators would receive subsequent debits. This would result in contingent liabilities for 3U TELECOM AG of € 2.15 million as of 30 June 2007.

Significant events since the end of the interim reporting period

Please see page 13 of this quarterly report.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Marburg, August 2007

The Management Board



Michael Schmidt



Roland Thieme



Oliver Zimmermann

FINANCIAL CALENDAR

- **Analysts' conference**
Q4 2007
- **Publication of report on Q3/2007**
30 November 2007

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27

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Photographs
Zefa (title)
Photonica (page 2)

Font
Interstate by Tobias Frere-Jones
(manufacturer: The Font Bureau)

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Printed in Germany

This quarterly report contains statements relating to the future which are subject to risks and uncertainties and which are assessments of the management of 3U TELECOM AG and reflect its current opinions with regard to future events. Such predictive statements can be recognised by the use of terms such as “expect”, “assume”, “estimate”, “anticipate”, “intend”, “can”, “plan”, “project”, “will” and similar expressions. Statements relating to the future are based on current and valid plans, estimates and expectations. Such statements are subject to risks and uncertainties, most of which are difficult to estimate and which are generally beyond the control of 3U TELECOM AG. The following are – by no means exhaustive – examples of factors that may trigger or affect a deviation: the development of demand for our services, competitive factors – including price pressure –, technological changes, regulatory measures, risks in the integration of newly acquired companies. If any of these or other risks and uncertain factors occur, or if the assumptions on which the statements are based prove to be incorrect, the actual results of 3U TELECOM may differ materially from those outlined or implied in these statements. The company does not undertake to update predictive statements of this nature.

This quarterly report contains a range of figures which are not part of commercial regulations and the International Financial Reporting Standards (IFRS), such as EBT, EBIT, EBITDA and EBITDA adjusted for special influences, adjusted EBITDA margin, investments (capex). These figures are not intended to substitute the information for 3U TELECOM AG in accordance with the German Commercial Code (HGB) or IFRS. It should be noted that the figures for 3U TELECOM AG which are not part of commercial regulations and the IFRS, can only be compared to the corresponding figures of other companies to a certain extent.

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